

expenses shall be treated as paid or incurred directly by the partners rather than by the partnership. Thus, the partnership shall disregard these expenses in computing the credit to be apportioned under paragraph (a)(3)(i) of this section, and in making the computations under section 41 each partner shall aggregate its distributive share of these expenses with other research expenses of the partner. The limitation on the amount of the credit set out in section 41(g) and in paragraph (c) of this section shall not apply because the credit is computed by the partner, not the partnership.

(4) *Year in which taken into account.* An amount apportioned to a person under this paragraph shall be taken into account by the person in the taxable year of such person which or within which the taxable year of the corporation, estate, trust, or partnership (as the case may be) ends.

(5) *Credit allowed subject to limitation.* The credit allowable to any person to whom any amount has been apportioned under paragraph (a)(1), (2) or (3)(i) of this section is subject to section 41(g) and sections 38 and 39 of the Code, if applicable.

(b) *Adjustments for certain acquisitions and dispositions—Meaning of terms.* For the meaning of “acquisition,” “separate unit,” and “major portion,” see paragraph (b) of § 1.52-2. An “acquisition” includes an incorporation or a liquidation.

(c) *Special rule for pass-through of credit.* The special rule contained in section 41(g) for the pass-through of the credit in the case of an individual who owns an interest in an unincorporated trade or business, is a partner in a partnership, is a beneficiary of an estate or trust, or is a shareholder in an S corporation shall be applied in accordance with the principles set forth in § 1.53-3.

(d) *Carryback and carryover of unused credits.* The taxpayer to whom the credit is passed through under paragraph (c) of this section shall not be prevented from applying the unused portion in a carryback or carryover year merely because the entity that earned the credit changes its form of conducting business.

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§ 1.41-0A Credit or deduction for political and newsletter fund contributions—scope and note.

Section 41 allows a limited credit against the income tax for political and newsletter fund contributions. Section 218 allows a limited deduction for contributions. The Revenue Act of 1978, however, increases the maximum annual credit under section 41 and repeals section 218. These changes are effective for political and newsletter fund contributions payment of which is made in taxable years of the contributor beginning after December 31, 1978. Sections 1.41-1A through 1.41-8A apply to both sections 41 and 218.

[T.D. 7603, 44 FR 18222, Mar. 27, 1979. Redesignated and amended by T.D. 8251, 54 FR 21204, May 17, 1989]

§ 1.41-1A Same—definitions of certain items.

(a) *Campaign committee.* A “campaign committee” is any group described in section 41(c)(1)(B). Thus, to be a campaign committee a group must be organized and operated exclusively to further the nomination or election of one or more candidates. That means it may not, except as otherwise provided in § 1.41-3A(a), spend any money for any other purpose. Therefore, a group that engages in any general political, educational, or legislative activities is not a campaign committee. Such a group may, however, organize a separate campaign committee exclusively to further the nomination or election of one or more candidates.

(b) *Candidate.* A “candidate” is an individual described in section 41 (c)(2). A candidate remains a candidate until enough money has been raised to pay the debts incurred in a previous campaign for elective public office. For example, A, a candidate for Senator from State X in 1977, is elected to that office in 1978. A sustains a campaign debt with respect to A’s Senatorial campaign. A remains a candidate solely for the purpose of soliciting contributions to extinguish the campaign debt.

(c) *Elective public office.* An “elective public office” is any governmental position for which one must be directly